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Fiscal Impact Analysis Naval Submarine Base Kings Bay, Georgia Final Update

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William B. Moore
Robert A. Hutchinson
Thomas Muller
Douglas M. Brown

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Logistics Management Institute
6400 Goldsboro Road
Bethesda, Maryland 20817-5886

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Executive Summary

FISCAL IMPACT ANALYSIS NAVAL SUBMARINE BASE KINGS BAY, GEORGIA FINAL UPDATE

In May 1979, the Navy selected Kings Bay, Ga., as the preferred location for its East Coast Trident submarine base. When completed, the base at Kings Bay will support one of the Navy's most vital weapon systems, the Trident Submarine Launched Ballistic Missile System and the Ohio class submarines.

In late 1980, the construction of Kings Bay began in earnest. The expansion of the base from a temporary Poseidon Missile Refit Facility to East Coast Strategic Weapons Facility required more than \$1 billion of construction, created more than 2,300 construction jobs during peak program years in FY85 and FY86, and will result in the eventual influx of approximately 13,000 military and civilian jobs by 1998.

The region surrounding Kings Bay is made up of a variety of communities ranging from rural farming areas to the metropolitan community of Jacksonville, Florida, with over 600,000 people. As forecast in the 1978 Kings Bay Environmental Impact Statement, the major expansion-related effects to date have occurred in Camden County, Georgia. Patterns of residential location taken from the Navy's annual base housing surveys show that approximately 80 percent of the incoming population moved to Camden County.

There are few aspects of life in Camden County that have not been affected by the expansion of the submarine base at Kings Bay. The population, which increased from 12,400 in 1979 to 30,443 in 1990, is expected to exceed 38,000 by the final year of the expansion in 1998. By 1998, over 13,000 new jobs and \$387 million in new salaries will have been brought to Camden County. Of this total, over \$118 million will be for indirect jobs in the private sector. These new jobs and salaries will continue to support increased economic development in the area and will add millions

of dollars to local public sector budgets. Table I provides a summary of the effects of growth on local jurisdictions near the base.

TABLE I
GROWTH SUMMARY

	FY88	FY89	FY90	FY91	FY92	... FY98
Camden County						
Population	23,584	27,078	30,443	31,761	33,428	38,177
Revenues	\$10,784,648	\$10,652,742	\$12,070,412	\$13,274,297	\$14,288,787	\$20,102,907
Kingsland						
Population	3,631	4,429	4,713	4,979	5,419	6,302
Revenues	\$ 3,053,302	\$ 3,362,602	\$ 3,805,190	\$ 4,250,780	\$ 4,849,043	\$ 6,876,812
Saint Mary's						
Population	6,971	7,848	8,216	8,564	9,121	10,444
Revenues	\$ 4,158,371	\$ 5,213,695	\$ 5,617,819	\$ 6,094,738	\$ 6,863,892	\$11,910,725
Woodbine						
Population	1,017	1,059	1,081	1,101	1,125	1,226
Revenues	\$ 751,874	\$ 842,379	\$ 896,455	\$ 951,949	\$ 1,015,746	\$ 1,425,257
Camden County Schools						
Enrollment		5,039	6,241	6,511	6,853	7,880
Revenues		\$14,700,000	\$18,800,000	\$20,800,000	\$22,800,000	\$34,100,000

Local officials have been challenged to meet the education, infrastructure, and service needs of new residents. With funding assistance from the Navy, the State of Georgia, local governments and the Camden County School District have already undertaken ambitious capital expansion programs. These programs have improved the quality of life in Camden County significantly and have met most existing needs.

The greatest challenge to local officials has been and will be the prudent management of public-sector growth. The Kings Bay expansion is completing a phase during which local governments found it difficult to meet the increased demand for infrastructure and services. In the remaining phase of the expansion, the demand for many services will grow at a much slower pace. Likewise, with the notable exception of future schools, much of the infrastructure needed to support

growth will be in place. Were staffs and infrastructure to expand at the current rate, substantial excess capacity would result: this could require local funds to be diverted from areas of greater need and importance to maintain this excess investment. To prevent this from happening, local officials should now shift their focus from creating additional capacity to providing services efficiently and ensuring that infrastructure is not overbuilt. With prudent public-sector management, Camden County can look forward to a sustained period of economic development and further improvements in the quality of life in the Kings Bay area.

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CHAPTER 1

THE KINGS BAY EXPANSION

In May 1979, Kings Bay, Georgia, was selected as the location for the Navy's East Coast Trident submarine base. The announcement came after several years of detailed studies on over 60 locations. When completed, the base at Kings Bay will support one of the Navy's most vital weapon systems, the Trident Submarine Launched Ballistic Missile System and the Ohio class submarines that carry it. Considered the most survivable component of the U.S. Strategic Nuclear Forces, the Navy's ballistic missile submarine force provides a crucial element to the overall strategic balance of the United States defense.

In late 1980, final approval was given for construction to begin at Kings Bay. The decision signified the end of the long planning process and the beginning of significant changes for the areas surrounding Kings Bay. The expansion of the base from a temporary Poseidon Missile Refit Facility to an East Coast Strategic Weapons Facility was estimated to require a total construction program of more than \$1 billion, the creation of 2,300 construction jobs during peak program years FY85 and FY86, and the influx of approximately 13,000 military and civilian jobs by 1998.

The region surrounding Kings Bay contains a variety of communities ranging from rural farming areas to metropolitan Jacksonville, Florida, with 600,000 people. The region includes a seven-county area of southern Georgia and northern Florida as shown in Figure 1-1. Before the base expansion, Duval and Nassau Counties in Florida were growing. This trend was expected to continue regardless of the plans for Kings Bay. Conversely, the five Georgia counties of Ware, Charlton, Glynn, Brantley, and Camden were not growing before the expansion and no significant changes were anticipated.

As forecast in the 1978 Kings Bay Environmental Impact Statement (EIS), the major expansion-related effects did occur in Camden County. Residential patterns taken from the Navy's annual base housing surveys show approximately 80 percent of incoming population moved to Camden County.

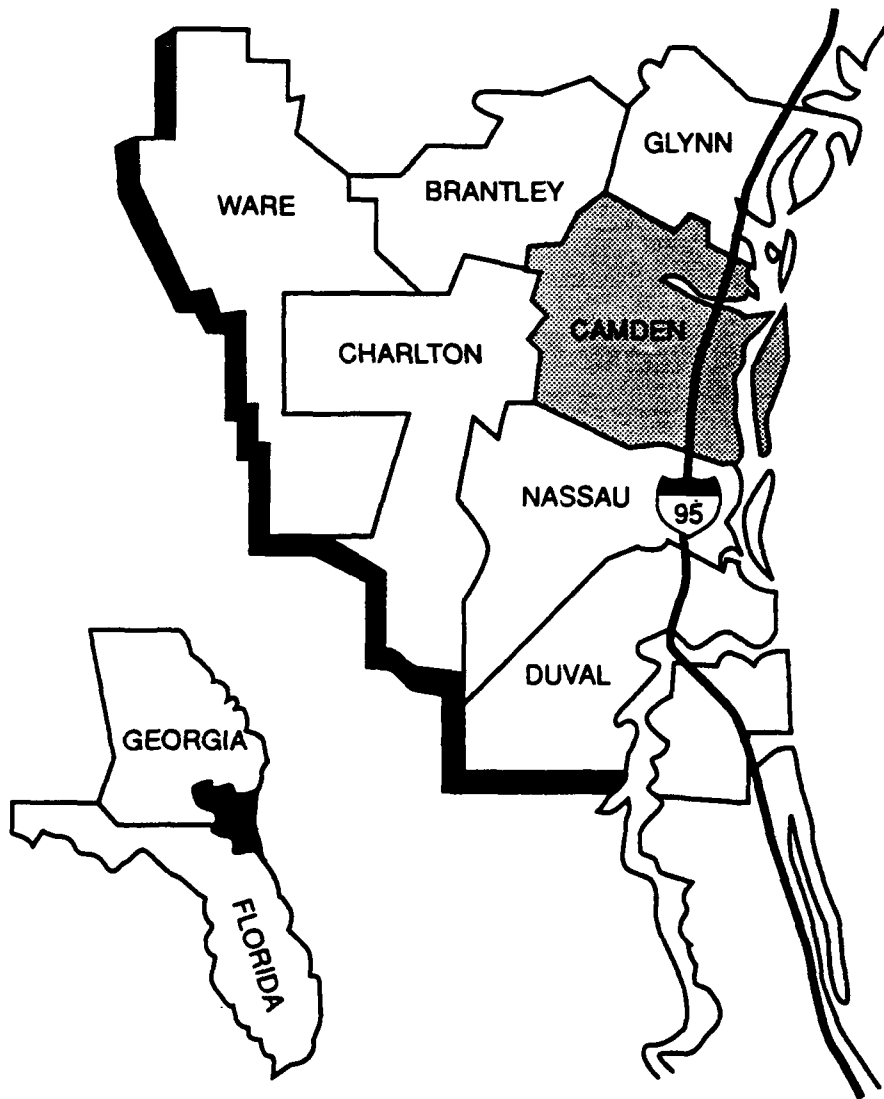


FIG. 1-1. PRIMARY IMPACT AREA

Since the expansion, few aspects of life in Camden County have not been affected by the increased activity created by the submarine base at Kings Bay. The county changed significantly from its character in 1978, as population more than doubled from 12,400 in 1979 to 30,443 in 1990. This final Fiscal Impact Analysis (FIA) describes the changes that have occurred to date, how communities have met the challenges brought on by change, and the changes still anticipated.

A HISTORY OF FISCAL IMPACT ANALYSES AT KINGS BAY

The need for comprehensive analysis and planning for the area to be affected by the expansion of the Naval facility at Kings Bay was recognized from the inception of the project. The first major fiscal analysis, undertaken by the Navy, *Fiscal Impact Analysis, Naval Submarine Base, Kings Bay, Georgia*, was published in 1981. This analysis projected the population, economic, and fiscal consequences of the planned expansion, based upon the information available at that time.

The next major analysis was *An Economic Adjustment Program* prepared by the Office of Economic Adjustment (OEA); it was completed and made public in June 1982. That document provided initial guidance on mitigating growth effects that local jurisdictions were just beginning to face. Information from the initial Navy FIA and other sources was used to propose strategies to maximize the benefits of the expansion and to minimize potential problems.

In December 1983, the Navy published a *Population Update for the Navy's Fiscal Impact Analysis* that updated the population and economic projections made in the initial FIA. It was less detailed than the original and discussed changes in population, jobs, and salaries. A second *Population Update for the Navy's Fiscal Impact Analysis*, completed in October 1985, was again limited to making changes in forecasts for population, jobs, and salaries that occurred since the 1983 update.

A complete *Updated Fiscal Impact Analysis: Naval Submarine Base, Kings Bay, Georgia*, was published by the OEA in December 1986. That document captured the expansion process as it moved into its peak activity phase, when relatively stable out-year plans were available. The detailed forecasts in that FIA were used to develop growth management strategies. The revenue and expenditure estimates served as the foundation for the special impact assistance programs.

This final update examines the effects that the expansion has had on the Kings Bay region, forecasts future effects, and identifies any remaining growth-related problems. Forecasts are made through FY98 to allow for a period of stability after the last year of significant Defense-driven population changes. Chapter 2 reviews the positive effect that the Special Impact Assistance Program has had on the communities surrounding Kings Bay. A detailed assessment of fiscal and growth-related projections for the affected communities is presented in Chapter 3. Assessments of predicted growth for the Camden County School District and the State of Georgia are made in Chapters 4 and 5. Chapter 6 summarizes the analysis and makes pertinent conclusions. Background information on the technical approach and the DoD's role in growth management planning for military base expansions can be found in the appendices of this report. The report, *Updated Fiscal Impact Analysis: Naval Submarine Base, Kings Bay, Georgia*, December 1986, presents an in-depth discussion of the FIA methodology employed.

CHAPTER 2

KINGS BAY: PAST AND PRESENT

Camden County, Coastal Georgia's southernmost county, was a largely rural area of about 12,000 residents in 1978. Before the Kings Bay expansion, Camden County was stable demographically and economically. Over the 10 years before expansion started, the average population increase was less than 1.5 percent. Median per capita income levels were about \$4,900 in 1978. Major employers for the area were the Gilman Paper Company and the Union Carbide Chemical Plant. Estimates for 1980 showed that 36 percent of the area's employment derived from these two sources. The relatively stable condition of Camden County was also reflected in the county and local government fiscal records. While local government revenues and expenditures showed very little real growth from 1970 to 1978 Camden County today is dramatically different from 1978.

The effect of the Kings Bay expansion on Camden County can best be evaluated by measuring its effect on the local economies and its concurrent effect on the fiscal health of the affected communities. An expansion in income and employment strengthens a local economy which, in turn, expands its revenue and tax base. These changes are best shown by comparing employment and personal income in 1978, before the Navy buildup began, with 1988, the last year for which these data are available. Our evaluation of the current financial position of Camden County requires that the changes in the economic base be attributed to the Kings Bay expansion.

THE CAMDEN COUNTY ECONOMY

Employment Changes

Although manufacturing has been the backbone of the Camden County economy for decades, the number of manufacturing jobs has remained essentially unchanged since the 1960s. In 1969, this sector employed 2,144 persons, or 63.6 percent of all private jobs in the county. During 1974, employment reached 2,380, or 64.5 percent of all private employment. Three years later, in 1977, the number of workers in manufacturing peaked at 2,419, declining by 1988 to 2,321. As

two private companies dominate the local manufacturing sector, their demand for labor has historically driven the county's economic base. As shown in Table 2-1, the relative importance of manufacturing to the Camden County economy has declined considerably from 57.3 percent of all private jobs in 1978 to 30.2 percent of all jobs in 1988. This decline in manufacturing represented a change from 46.4 percent of all employment in 1978 to 18.9 percent in 1988.

TABLE 2-1
CHANGE IN EMPLOYMENT BY SECTOR, 1978 THROUGH 1988

	Number of employees 1978	Percent by sector	Number of employees 1988	Percent by sector	Percent change 1978 - 1988
Private sector					
Construction	250	6.9	1,640	21.4	556.0
Manufacturing	2,076	57.3	2,321	30.2	11.8
Durable	N/A	—	—	—	—
Nondurable	N/A	—	—	—	—
Transportation and utilities	121	3.3	185	2.4	52.9
Wholesale trade	22	0.6	60	0.8	172.7
Retail trade	512	14.1	1,699	22.1	231.8
Finance, insurance, and real estate	111	3.1	269	3.5	142.3
Services	406	11.2	1,340	17.5	230.0
All others	124	3.4	157	2.1	26.6
Subtotal	3,622	100.0	7,671	10.0	111.8
Subtotal excluding manufacturing	1,546	42.7	5,350	69.7	245.8
Government sector					
Federal civilian	23	3.0	683	15.1	2,869.6
Federal military	44	5.8	2,660	58.6	5945.5
State and local	698	91.2	1,195	26.3	71.2
Subtotal	765	100.0	4,538	100.0	—
Farm	87	—	64	—	—
Total employment	4,474	—	12,273	—	274.3

Source: U.S. Department of Commerce, Bureau of Economic Analysis, special computer runs, May 1990.

Note: N/A = not available.

The trend for defense employment is exactly the opposite. The number of military and Federal civilian personnel in Camden County increased from 67 in 1978 to about 3,343 in 1988 (as reported by the Bureau of Economic Analysis). Personal

income accruing to DoD personnel enabled the county to expand its non-manufacturing employment by a factor of over 3.4. That is, for every civilian working in Camden County outside the manufacturing sector in 1978, there were 3.4 persons employed in 1988. The largest numerical gains have been in retail trade and services which were underdeveloped until recent years.

During the 1970s, durable goods manufacturing was the foundation of the county's economy. Virtually all private employment consisted of factory workers or jobs generated by earnings of these workers. Although average wages in local manufacturing plants were above the average of other sectors, most of the earnings "leaked out" from the county. This leakage occurred because the population base of about 11,000 was too small to sustain specialized stores and services. Consequently, many Camden County dollars left the county to other jurisdictions, mostly in the Jacksonville area, where these goods and services could be found.

Without the new DoD facility and its employment base, this condition would have remained unchanged. That is, employment in retail sales and services would have remained low, with most major shopping by local residents taking place outside county boundaries. Because of the expansion of the military base, the local economy was able to expand, leading to substantial private capital investment in new shopping centers, motels, restaurants, and housing as well as public investment in schools, roads, and service facilities. This activity is evident in the sustained level of construction employment that includes not only on-base construction, but other public and private construction as well.

The most significant economic effect of the expanded Federal presence was to sharply expand private-sector employment in Camden County without an increase in the number of manufacturing jobs. Most of the real economic growth that has taken place in Camden County in the last decade can be attributed to growth in employment created by the Navy.

Personal Income Changes

The economic changes that have occurred in Camden County have generated accompanying increases in personal income. Between 1978 and 1988, income derived from manufacturing increased from \$69.8 million to \$87.9 million, or by 26 percent in 1988 dollars. However, the share of total income derived from this sector fell from 66 percent in 1978 to 33 percent 10 years later. Without the Navy facility,

manufacturing could not have supported the population size necessary to induce the expansion of other sectors, notably retail sales and services. Between 1978 and 1988, payroll income from the Federal Government increased from \$0.8 million to \$68.8 million, and is equal to 78 percent of total income earned by manufacturing. Personal income growth for all sectors is shown in Table 2-2.

TABLE 2-2
CAMDEN COUNTY PERSONAL INCOME GROWTH BY INDUSTRY
AND PLACE OF WORK BY SOURCE, 1978 THROUGH 1988
(In millions 1988 dollars)

Sector	1978 total (\$)	1978 by sector (%)	1988 total (\$)	1988 by sector (%)	Non-metro Georgia by sector 1988 (%)	Ratio Camden County/non-metro Georgia
Private sector						
Construction	6.7	6.3	40.8	15.5	5.9	2.63
Manufacturing	69.8	65.5	87.9	33.3	30.8	1.08
Durable	N/A	N/A	(23.6)	(8.9)	(10.9)	0.80
Nondurable	N/A	N/A	(64.3)	(24.4)	(19.9)	1.25
Transp. & utilities	3.1	2.9	5.8	2.2		
Wholesale trade	0.4	0.8	0.8	0.3	4.1	0.07
Retail trade	6.0	5.7	16.1	6.1	9.5	0.64
Finance, insurance, and real estate	1.7	1.6	2.7	1.0	2.9	0.35
Services	5.0	4.7	18.8	7.1	14.2	0.50
All others	2.3	2.2	2.3	0.9	14.8	0.06
Government sector						
Federal civilian	0.6	0.6	15.9	6.0	2.0	3.00
Federal military	0.2	0.2	52.9	20.0	2.6	7.69
State and local	10.0	9.5	20.0	7.6	13.2	0.58
Total earnings	105.8	100.0	264.0	100.0	100.0	

Source: U.S. Department of Commerce, Bureau of Business Analysis, special computer runs, June 1990.

Note: N/A = not available.

In addition to payroll growth, construction of the base produced another inflow of Federal dollars. By 1988, combined revenue income generated by Federal Government payrolls and construction activity exceeded income generated by the manufacturing sector.

The addition of military and civilian personnel payrolls caused economic activity to expand and to trigger civilian immigration. The impact of Federal dollars and the added population is evident by the rise in retail trade income from \$6.0 million to \$16.1 million, and in services from \$5.0 million to \$18.8 million in 10 years. These increases (in inflation-adjusted dollars) have been much more rapid than the rise in population, an indication that the expanded population and purchasing power added retail trade and service enterprises that would not be in Camden County in the absence of the Navy facility.

As a result of the growth in population and purchasing power, Camden County is approaching other nonmetropolitan Georgia areas in its economic structure. Between 1978 and 1988, the manufacturing share in Camden County declined to a level of only somewhat above other nonmetropolitan areas; retail sales and services also increased, approaching on a per capita basis the level of other nonmetropolitan Georgia areas. The county is no longer totally dependent upon the economic health of two companies for its economic well-being. Navy-induced diversification has had a significant positive impact on the development of the retail sector. Considerable expenditures for goods and services are still made outside the county, particularly in wholesale trade and specialized services. As the local economy expands further, this leakage is expected to be reduced with the result that more dollars earned in Camden County will stay in Camden County.

RELATIVE FISCAL IMPACTS OF THE EXPANSION ON CAMDEN COUNTY JURISDICTIONS

Current Operating Budget Impacts

The positive economic effect of the Navy expansion on the Camden County economy has, in turn, had significant effects on the operating budgets of local jurisdictions. Total revenues at all levels of government have increased dramatically in both absolute terms and on a per capita basis. New shopping centers, motels, and restaurants have caused a substantial growth in commercial taxable property which has reduced the reliance on taxes from the manufacturing sector. Increased revenues have enabled local governments to increase service levels. For example, the outlays for police and fire services – the most important services provided by local governments – have more than doubled. Table 2-3 shows the effects of Navy

expansion on both total tax revenues and police and fire services for Camden County and its cities.

TABLE 2-3
IMPACT ON TOTAL REVENUE AND PUBLIC SAFETY OUTLAYS
(In 1988 dollars)

Jurisdiction	Total tax revenues (\$)	Police and fire services (\$)
Saint Mary's		
1980	2,139,480	308,883
Per capita	408	59
1988	3,077,675	929,565
Per capita	447	135
Kingsland		
1980	517,782	145,904
Per capita	185	52
1988	2,282,630	663,330
Per capita	638	185
Woodbine		
1980	366,284	94,578
Per capita	305	79
1988	751,874	123,280
Per capita	752	123
Camden County		
1980	3,548,238	732,499
Per capita	265	55
1988	10,784,648	1,987,696
Per capita	489	90

Source: FY88 Local government financial reports.

In addition to providing higher levels of police and fire service, other public services such as community development, public welfare, and recreation have been increased. In the case of recreation, where pre-expansion services were minimal, a dramatic improvement has been made (see Table 2-4). St. Marys and Camden County, which had no funds identified for recreation in 1980, both had significant recreation programs by 1988. Communities in the Kings Bay area have a broader

fiscal base and are capable of providing more and better services to their citizens as a result of the Kings Bay expansion.

TABLE 2-4
IMPACT ON RECREATION SERVICES
(In 1988 dollars)

Jurisdiction	Recreation operating expenditures ^a (\$)
Saint Mary's	
1980	0
Per capita	0
1988	35,930
Per capita	5.2
Kingsland	
1980	11,651
Per capita	4
1988	70,367
Per capita	19.8
Woodbine	
1980	0
Per capita	0
1988	0
Per capita	0
Camden County	
1980	0
Per capita	0
1988	195,010
Per capita	7

^a In addition, most jurisdictions have invested significant capital annually for recreation facilities.

Current Capital Budget Impacts

The Navy expansion has generated significant capital needs within the Kings Bay region. Additional capacity was required for nearly every category of infrastructure. Among the most significant of these requirements were those relating to water and sewer capacity, health and safety facilities, general

government buildings, and schools. In the early stages of the expansion, the capital requirements exceeded the capabilities of local governments. Federal participation was essential if adequate facilities were to be available for the expected population growth. The Federal Government, through the Navy and the OEA, responded with a community impact assistance program. This program was designed to fill the gap that existed between local and state capabilities and local needs for capital projects. By FY91, the program will have provided more than \$58.8 million in assistance to Kings Bay communities. Table 2-5 displays the level of Federal assistance by type of project.

TABLE 2-5

**DoD's SPECIAL IMPACT ASSISTANCE PROGRAM
(FROM FY84 THROUGH FY91)**

(In then-year dollars)

Project category	Federal contribution
Water/sewer	\$ 8,091,000
Education	\$ 34,602,000
Public safety	\$ 5,043,000
Solid waste	\$ 1,286,000
Roads	\$ 1,279,000
Human services	\$ 432,000
General government	\$ 4,117,000
Recreation	\$ 3,657,000
Library	\$ 333,000
Total	\$ 58,840,000

The Current Fiscal Burden on Local Communities

Although the Federal government has assisted with some capital requirements, operating expenses and the balance of the capital needs have been met with non-Federal revenues. These revenues are generated primarily through sales and property taxes. Local jurisdictions have increased both sales and property tax rates to meet expansion needs. In some cases, these increases have resulted in tax rates above Georgia averages. However, comparisons of the tax rates of Kings Bay governments to those of other counties and cities in Georgia can be misleading. First,

nonmetropolitan communities or similar sizes must be compared, and second, the unique characteristics of the Camden County tax base must be considered. Real property is a somewhat smaller portion of the Camden County tax base than in other Georgia counties with a similar population (see Table 2-6). Table 2-7 contains the breakdown of the property tax base for Kings Bay communities. The land and industrial component is a major item for the cities of Saint Mary's and Kingsland with Woodbine being more representative of rural Georgia communities. It is evident from Table 2-7 that the Saint Mary's tax base is dominated by industry and the unincorporated areas of the county by timber holdings.

TABLE 2-6

LOCALLY ASSESSED PROPERTY (1986)

Location	Total percent	Real property percent	Personal property percent
Camden County	100	68	32
Similar Georgia counties	100	72	28

Source: 1987 Census of Government, *Taxable Property Values*, Vol. 2, Table 20, and the 1985 Camden County Tax Digest.

TABLE 2-7

**DISTRIBUTION OF PROPERTY TAX BASE
(Percent of total tax base)**

Area	Residential (non-farm)	Commercial	Industrial	Acreage and farms ^a	Other
Georgia ^b	62.0	15.0	7.0	15.8	0.1
Camden County					
Saint Mary's	40.8	14.7	22.3	22.1	0.1
Kingsland	42.8	19.7	0.0	37.1	0.3
Woodbine	57.9	24.0	0.6	17.3	0.2
Unincorporated county	27.2	2.3	4.1	63.9	2.5
Total Camden County	32.9	7.6	8.0	49.8	1.6

^a Agricultural land, forest land.

^b From 1987 Census of Government, *Taxable Property Values*, Vol. 2, Table 12, and the 1985 Camden County Tax Digest.

Tax burden can be compared by examining property taxes both on a per capita basis and as a percent of personal income. The latter method may be more meaningful since it relates the payment to the ability to pay and hence may be a better description of tax burden. When either method is used, the composition of the property tax base can greatly affect comparisons. For example, a community such as Saint Mary's with a high industrial component will often show greater than average per capita property taxes since the industrial taxes are being spread to all taxpayers. It is possible to adjust individual communities for these anomalies by relating residential property tax to personal income. In this way, the actual tax burden that a resident carries can be computed.

Residential property taxes as a percent of personal income are shown in Table 2-8. Residents of Saint Mary's and Kingsland allocate a lesser percentage of their personal income to property taxes than residents of similar-size Georgia communities. Residents of Woodbine and Camden County allocate the same percentage as other Georgia cities and counties with similar populations.

TABLE 2-8

RESIDENTIAL PROPERTY TAXES AS A PERCENT OF PERSONAL INCOME

Jurisdiction	Actual rate^a	Rate for similar Georgia communities^b
Saint Mary's	0.4	0.5
Kingsland	0.2	0.4
Woodbine	0.3	0.3
Camden County	0.4	0.4

^a Actual rates are calculated by using 1988 community budgets and 1988 per capita income levels.

^b Comparable rates are from same-size Georgia communities and are based upon 1988 Georgia Department of Community Affairs data. Residential property share of all property taxes based on 1987 state average.

CHAPTER 3

GROWTH IN COUNTY AND LOCAL GOVERNMENTS

The FIA identified the region that could be potentially impacted by the expansion as a seven-county area that included counties from both Georgia and Florida. In the updated FIA, Camden County was identified as the primary impact area. Housing surveys conducted by the Navy and the 1990 census have confirmed that Camden County, with over 80 percent of all project-related population growth, is the primary area affected by the expansion. Although Kings Bay will have some minor effects outside Camden County, they are not expected to be large enough to warrant separate analyses. Therefore, the analysis in this chapter will address the effects anticipated on the political jurisdictions within Camden County: the Camden County government and the city governments of Saint Mary's, Kingsland, and Woodbine. The impacts on the Camden County School District and the State of Georgia will be discussed in later chapters.

Since the last FIA update, the jurisdictions within Camden County have changed their methods of accounting for local source and other revenues. Previously, revenues were treated as either part of an enterprise fund (water and sewer) or more often as part of the general fund. Now, these jurisdictions identify funds by their intended applications and refer to them as either unrestricted or restricted. Restricted funds are public funds that can be spent for specified purposes only. Most restrictions result from local budget ordinances; in some cases, however, the restrictions derive from bond covenants, matching fund requirements, or the like. The State of Georgia, because it is a home rule state, has few state-mandated restrictions on how locally generated funds are expended. Some restrictions on certain Federal and state grants or programs exist, but in Camden County these restrictions are typically associated with matching funds for capital projects and therefore not a detriment to local capital programs. Locally imposed and other limitations can constrain the ability of local officials to move monies from one fund to another. Consequently, this report addresses revenues and cash flows – the difference between operating revenues and expenditures – as being either restricted

or unrestricted. The impact of revenue restrictions on Camden County jurisdictions is discussed in more detail in Appendix C.

CAMDEN COUNTY

Camden County and its three cities have already experienced significant growth and are expected to continue to grow through the 1990s (see Table 3-1). By 1998, the population of Camden County is expected to reach about 38,000 with over 23,000 the result of Kings Bay expansion. In the absence of other significant inducements for growth, by 1991, almost 60 percent of the Camden County population will be Navy-related.

TABLE 3-1
CAMDEN COUNTY POPULATION AND FISCAL IMPACTS

Impact element	FY88	FY89	Projected FY90 ^a	Projected FY91	Projected FY92	Projected ... FY98
Total population	23,584	27,078	30,443	31,761	33,428	38,177
New projected population	11,109	14,367	17,496	18,575	19,999	23,224
Restricted revenues	\$2,851,837	\$1,710,834	\$1,923,433	\$2,039,772	\$2,183,381	\$3,045,088
Unrestricted revenues	\$7,932,811	\$8,914,908	\$10,146,978	\$11,234,526	\$12,105,406	\$17,048,819
Total revenues	\$10,784,648	\$10,625,742	\$12,070,412	\$13,274,297	\$14,288,787	\$20,102,907
Operating cash flow ^b	\$4,722,844	\$3,766,802	\$4,088,918	\$4,817,017	\$4,839,728	\$6,833,393
Unrestricted cash flow	\$1,871,007	\$2,075,969	\$2,165,485	\$2,831,245	\$2,656,347	\$3,779,305

^a The actual 1990 final census figure for Camden County was 30,167.

^b The operating cash flow is the sum of the restricted and unrestricted cash flows where cash flow is operating revenues minus operating expenditures.

The population growth will be accompanied by an increase in jobs and payrolls in Camden County. Table 3-2 shows the cumulative anticipated employment and payroll impact on the county. By 1998, over 13,000 new jobs and \$387 million in annual new salaries will have been brought to Camden County. Of this total, over \$100 million will be for indirect jobs in the private sector. The new employment and the economic activity they represent will increase county revenues to \$20.1 million of which \$3.1 million will be for restricted use (Table 3-3). The operating cash flow is expected to grow by 1998 to \$6.8 million, of which \$3.8 million will be unrestricted funds. This operating cash flow combined with decreased capital requirements and sound public sector management should result in a healthy fiscal position for Camden County.

TABLE 3-2

CAMDEN COUNTY EMPLOYMENT AND PAYROLL IMPACTS

Employment	FY88	FY89	FY90	FY91	FY92	... FY98
Cumulative new jobs						
Direct^a	4,688	6,025	7,482	8,109	8,838	10,286
Indirect	1,547	1,988	2,469	2,676	2,916	3,394
Cumulative new payrolls^b						
Direct	\$117	\$152.4	\$189.1	\$206.9	\$226.2	\$282.6
Indirect	\$43.3	\$56.4	\$70	\$76.6	\$83.7	\$104.5

^a Direct jobs include military and Federal civilian workers.

^b Millions of then-year dollars.

TABLE 3-3

GROWTH SUMMARY – CAMDEN COUNTY

Growth elements	Actual FY88	Projected FY98
Total population	23,584 ^a	38,177 ^b
Baseline	12,475	14,933
Project-related	11,109	23,244
Salaries	\$ 176.3m	\$ 387.1m
Direct	\$ 128.7m	\$ 282.6m
Indirect (off base)	\$ 47.6m	\$ 104.5m
Total revenues	\$ 10.8m	\$ 20.1m
Unrestricted	\$ 7.9m	\$ 17.0m
Restricted	\$ 2.9m	\$ 3.1m
Total revenues per capita	\$ 457	\$ 529
Total operating expenditures	\$ 6.1m	\$ 13.3m
Expenditures per capita	\$ 259	\$ 348
Cash flow		
Unrestricted	\$ 1.9m	\$ 3.8m
Restricted	\$ 2.8m	\$ 3.0m

^a Special census conducted in mid-1988 indicated a population of 22,061.

^b The 1990 final census figure for Camden County was 30,167.

KINGSLAND

The city of Kingsland is expected to increase its population by over 2,600 in the period 1988 to 1998 (see Table 3-4). A major portion of that population increase is the result of current and future annexations to its service area. No other major growth incentives have been identified for Kingsland in the near future and if this trend holds, nearly 81 percent of Kingsland's 1998 population will be Navy-related.

TABLE 3-4
KINGSLAND POPULATION AND FISCAL IMPACTS

Impact element	FY88	Projected FY89	Projected FY90	Projected FY91	Projected FY92	Projected ... FY98
Total population	3,631	4,429	4,713 ^a	4,979	5,419	6,302
Navy-related population	2,726	3,495	3,747	3,982	4,390	5,076
% population Navy-related ^b	75%	79%	79%	80%	81%	81%
Restricted revenues	\$328,210	\$154,866	\$173,397	\$191,589	\$220,125	\$316,245
Unrestricted revenues	\$1,626,210	\$1,604,574	\$1,815,957	\$2,038,806	\$2,269,741	\$3,236,355
Utility revenues	\$1,098,882	\$1,603,161	\$1,815,836	\$2,020,385	\$2,359,177	\$3,324,213
Total revenues	\$3,053,302	\$3,362,602	\$3,805,190	\$4,250,780	\$4,849,043	\$6,876,812
Operating cash flow ^c	\$68,501	(\$594,424)	(\$542,740)	(\$477,075)	(\$434,391)	(\$15,044)
Unrestricted cash flow	(\$259,709)	(\$749,290)	(\$716,137)	(\$668,664)	(\$654,516)	(\$331,249)
Utility cash flow ^d	(\$3,239,366)	\$479,888	(\$2,595,196)	\$1,015,848	\$1,028,532	\$1,675,787

^a The 1990 final census figure for Kingsland was 4,699.

^b The percentage of the total population that is Navy-related (other than from pre-expansion activity).

^c The operating cash flow is the sum of the restricted and unrestricted cash flows where cash flow is operating revenues minus operating expenditures.

^d FY88 and FY90 cash flows do not include special impact assistance of \$5.3 million to pay for capital projects in those years.

Along with its population growth, Kingsland is forecast to have a cumulative increase of 3,043 new jobs and \$85.6 million in payrolls by 1998 (see Table 3-5). The increased employment will have a significant effect on the Kingsland city budget. Total revenues in Kingsland are expected to increase to \$6.9 million by 1998, of which \$3.6 million will be restricted (see Table 3-6). The operating cash flow is expected to be essentially balanced, although \$0.3 million will be in restricted funds; however, the annual utility cash flow is projected to be over \$1.6 million by 1998.

In aggregate, the City of Kingsland has the fiscal capacity to meet its operating needs concurrent with a significant capital improvement program. To accomplish this, however, Kingsland will need to reassess its tax and utility rate structures and ensure that funds are being generated where needs exist.

TABLE 3-5

KINGSLAND EMPLOYMENT AND PAYROLL IMPACTS

Employment	FY88	Projected FY89	Projected FY90	Projected FY91	Projected FY92	Projected ... FY98
Cumulative new jobs						
Direct	1,086	1,463	1,601	1,777	1,994	2,288
Indirect	359	483	528	587	658	755
Cumulative new payrolls^a						
Direct	\$24.2	\$33.3	\$38.1	\$42.2	\$47.1	\$62.5
Indirect	\$8.9	\$12.3	\$14.1	\$15.6	\$17.4	\$23.1

^a New payrolls are expressed in millions of then-year dollars.

TABLE 3-6

GROWTH SUMMARY – KINGSLAND

Growth elements	FY88	Projected FY98 ^a
Total population	3,631	6,302
Baseline	905	1,226
Project-related	2,726	5,076
Salaries	\$33.1m	\$85.6m
Direct	\$24.2m	\$62.5m
Indirect (off base)	\$8.9m	\$23.1m
Total revenues	\$3.1m	\$6.9m
Unrestricted	\$1.6m	\$3.2m
Restricted	\$0.3m	\$0.3m
Utilities	\$1.1m	\$3.3m
General fund revenue per capita	\$523	\$555
Total operating expenditures	\$2.6m	\$4.2m
General	\$1.9m	\$3.6m
Utilities	\$0.7m	\$1.6m
General fund expenditures per capita	\$523	\$571
Cash flow		
General fund	\$0.1m	(\$0.1m)
Unrestricted	(\$0.3m)	(\$0.3m)
Utilities ^b	(\$3.2m)	\$1.7m

^a The 1990 final census figure for Kingsland was 4,699.

^b FY88 cash flow does not include Special Impact Assistance of \$3.5m. The utility cash flow is \$0.3m when this assistance is included.

SAINT MARY'S

The city of Saint Mary's is expected to increase its population by nearly 3,500 in the period 1988 to 1998 (see Table 3-7). Like Kingsland, a major portion of that population increase is the result of current and future annexations to its service area. Like other Camden County communities, Saint Mary's will feel the Navy presence; however, the effect will be somewhat less than experienced in other jurisdictions.

TABLE 3-7

SAINT MARY'S POPULATION AND FISCAL IMPACTS

Impact element	FY88	FY89	Projected FY90 ^a	Projected FY91	Projected FY92	Projected ... FY98
Total population	6,971	7,848	8,216	8,564	9,121	10,444
Navy-related population	2,614	3,394	3,665	3,916	4,376	5,111
% population Navy-related ^b	38%	43%	45%	46%	48%	49%
Restricted revenues	\$678,942	\$1,112,896	\$778,859	\$828,723	\$929,771	\$1,319,034
Unrestricted revenues	\$2,398,733	\$2,822,211	\$3,229,091	\$3,532,638	\$3,915,789	\$7,648,987
Utility revenues	\$1,080,696	\$1,278,588	\$1,609,869	\$1,773,377	\$2,018,332	\$2,942,704
Total revenues	\$4,158,371	\$5,213,695	\$5,617,819	\$6,094,738	\$6,863,892	\$11,910,725
Operating cash flow ^c	\$187,338	\$852,998	\$688,902	\$730,060	\$786,739	\$3,150,645
Unrestricted cash flow	(\$491,604)	(\$259,898)	(\$89,957)	(\$98,663)	(\$143,032)	\$1,831,611
Utility cash flow ^d	(\$641,415)	\$376,380	\$634,914	\$726,551	\$862,000	\$1,389,683

^a The 1990 final census figure for Saint Mary's was 8,187.

^b The percentage of the total population that is Navy-related.

^c The operating cash flow is the unrestricted sum of the restricted and unrestricted cash flows where cash flow is operating revenues minus operating expenditures.

^d Includes \$900K capital expenditure.

The population increase will be accompanied by increases in both employment and payrolls. By FY98, over 3,300 new jobs will have been added along with \$90.3 million in new annual payrolls (see Table 3-8). The Saint Mary's budget will be similarly affected. Total revenues are expected to increase to \$11.9 million by FY98, of which \$4.2 million will be restricted and utility revenues (see Table 3-9). The operating cash flow during this period will reach \$3.1 million of this total. The utility cash flow is projected to reach \$1.4 million by FY98. In the short run, St. Mary's will experience some shortage of funds in the unrestricted accounts. This problem can be minimized by local budgetary actions which could make other operating surpluses available.

TABLE 3-8

SAINT MARY'S EMPLOYMENT AND PAYROLL IMPACTS

Employment	FY88	FY89	Projected FY90	Projected FY91	Projected FY92	Projected ... FY98
Cumulative new jobs						
Direct	1,147	1,555	1,705	1,896	2,131	2,493
Indirect	378	513	563	626	704	823
Cumulative new payrolls^a						
Direct	\$26.2	\$36.3	\$40.8	\$45.9	\$51.7	\$65.9
Indirect	\$9.7	\$13.4	\$15.1	\$17.0	\$19.1	\$24.4

^a New payrolls are expressed in millions of then-year dollars.

TABLE 3-9

GROWTH SUMMARY – SAINT MARY'S

	FY88	Projected FY98 ^a
Total population	6,971	10,444
Baseline	4,357	5,333
Project-related	2,614	5,111
Salaries	\$37.0m	\$92.9m
Direct	\$26.2m	\$65.9m
Indirect (off base)	\$9.7m	\$24.4m
Total revenues	\$4.1m	\$11.9m
Unrestricted	\$2.4m	\$7.7m
Restricted	\$0.7m	\$1.3m
Utilities	\$1.0m	\$2.9m
Total operating expenditures	\$3.7m	\$7.3m
General fund	\$2.9m	\$5.8m
Utilities	\$0.8m	\$1.5m
Cash flow		
General fund	\$0.2m	\$3.2m
Unrestricted	\$(0.5m)	\$1.8m
Utilities ^b	\$(0.6m)	\$1.4m

^a The 1990 final census figure for Saint Mary's was 8,187.

^b Includes \$900K capital expenditure in FY88.

WOODBINE

In absolute terms, Woodbine will be the least affected of all Camden County jurisdictions; and, despite its small size, it will experience minimal impacts even in relative terms. The population of the city of Woodbine is expected to increase by only 209 in the period 1988 to 1998 (see Table 3-10). Woodbine has few other growth prospects, and if this trend holds, only 18 percent of Woodbine's 1998 population will be Navy-related.

TABLE 3-10

WOODBINE POPULATION AND FISCAL IMPACTS

Impact element	FY88	FY89	Projected FY90 ^c	Projected FY91	Projected FY92	Projected ... FY98
Total population	1,017	1,059	1,081	1,101	1,125	1,226
Navy-related population	125	156	167	176	189	221
% population Navy-related ^a	12%	15%	16%	16%	17%	18%
Restricted revenues	\$144,675	\$363,626	\$385,492	\$407,900	\$434,730	\$604,629
Unrestricted revenues	\$607,199	\$478,752	\$510,963	\$544,049	\$581,016	\$815,628
Utility revenues	\$189,908	\$196,805	\$210,164	\$223,192	\$293,170	\$336,941
Total revenues	\$751,874	\$842,379	\$896,455	\$951,949	\$1,015,746	\$1,425,257
Operating cash flow ^b	\$295,772	\$391,237	\$414,647	\$441,204	\$467,358	\$652,625
Unrestricted cash flow	\$151,097	\$27,610	\$29,155	\$33,304	\$32,627	\$42,996
Utility cash flow	\$40,870	(\$27,153)	(\$145,654)	(\$16,077)	(\$10,920)	\$23,318

^a The percentage of the total population that is Navy-related.

^b The operating cash flow is the sum of the restricted and unrestricted cash flows where cash flow is operating revenues minus operating expenditures.

^c The 1990 final census figure for Woodbine was 1,212.

Despite its limited population growth, Woodbine is forecast to have a cumulative increase of 172 new jobs and \$4.9 million in new payrolls by FY98 (see Table 3-11). The increased employment will have a significant effect on the Woodbine city budget, which will almost double the FY88 level. Total revenues in Woodbine are expected to increase by \$0.6 million of which \$0.04 million will be restricted. By FY98, the combined cash flow is expected to be over \$718,000. The utility cash flow is expected to be over \$23,000 (see Table 3-12). The impact on Woodbine is small and well within its fiscal capabilities.

TABLE 3-11

WOODBINE EMPLOYMENT AND PAYROLL IMPACTS

Employment	FY88	Projected FY89	Projected FY90	Projected FY91	Projected FY92	Projected ... FY98
Cumulative new jobs						
Direct	66	87	95	103	113	129
Indirect	22	29	31	34	37	43
Cumulative new payrolls^a						
Direct	\$1.9	\$2.4	\$2.7	\$2.9	\$3.1	\$3.5
Indirect	\$0.8	\$1.0	\$1.1	\$1.2	\$1.3	\$1.4

^a New payrolls are expressed in millions of then-year dollars.

TABLE 3-12

GROWTH SUMMARY – WOODBINE

Growth elements	FY88	Projected FY98 ^a
Total population	1,017	1,226
Baseline	912	1,005
Project-related	125	221
Salaries	\$11.3m	\$4.9m
Direct	\$1.9m	\$3.5m
Indirect (off base)	\$0.8m	\$1.4m
Total revenues	\$751,782	\$1,425,257
Unrestricted	\$607,199	\$815,628
Restricted	\$144,675	\$609,629
Utilities	\$189,908	\$336,941
Total operating expenditures	\$605,140	\$1,086,254
General fund	\$456,102	\$772,632
Utilities	\$149,038	\$313,622
Cash flow		
General fund	\$295,772	\$652,625
Unrestricted	\$151,097	\$42,996
Utilities	\$40,870	\$23,318

^a The 1990 final census figure for Woodbine was 1,212.

SUMMARY OF GROWTH IMPACTS ON LOCAL GOVERNMENTS

The local governments in Camden County have been and will continue to be significantly affected by the expansion of the submarine base at Kings Bay. Camden County will experience major population increases as a result of the expansion. These population increases and their accompanying economic activity will generate significant revenues for the county and its cities. Although increased operating expenditures will accompany the new revenues, significant monies will be available in most communities for capital needs.

The capital requirements necessary to meet basic service needs – water, sewer, fire, police, etc. – have, to a large extent, been met by past and existing capital improvement programs. There are, however, capital needs beyond the basic services that are yet unmet. Recommendations on how these capital needs should be met are presented in Chapter 6.

CHAPTER 4

GROWTH IN THE CAMDEN COUNTY SCHOOL DISTRICT

The Camden County School District is the only school district that serves the primary impact area. It currently consists of eight schools: five elementary schools, two middle schools, and a high school. By 1999,¹ the student enrollment is forecast to increase by about 4,600 students from pre-expansion levels to a total enrollment of over 7,880 students. The forecasts for the yearly student enrollment increases are shown in Table 4-1. By 1999, the expansion will more than double the total number of students in the Camden County School District (see Figure 4-1). This rapid growth will create significant fiscal impacts for the school district.

TABLE 4-1

CAMDEN COUNTY SCHOOL DISTRICT ENROLLMENT, OPERATING REVENUES, AND EXPENDITURES BY SCHOOL YEAR
(Millions of then-year dollars)

Factors	1989	Projected 1990 ^a	Projected 1991	Projected 1992	Projected 1999
Total enrollment	5,039	6,241	6,511	6,853	7,880
Total revenues	\$14.7	\$18.8	\$20.8	\$22.8	\$34.1
Total expenditures^b	\$15.1	\$18.4	\$22.5	\$24.7	\$37.0
Cash flow	\$(0.4)	\$(0.4)	\$(1.7)	\$(1.9)	\$(2.9)

^a Actual enrollment in the 1990 school year is 6,107.

^b Total expenditures include all operating expenditures but exclude capital costs.

Operating expenditures are the major item in the school district budget, of which the local school district contribution is approximately 30 percent. The State of Georgia historically contributes 61 percent of the operating expenditures through the Adequate Program of Education Grant (APEG) system and the Federal Government

¹The school analyses are carried 1 year beyond the jurisdictional analyses because the enrollment figures represent children arriving in the district during the preceding fiscal year.

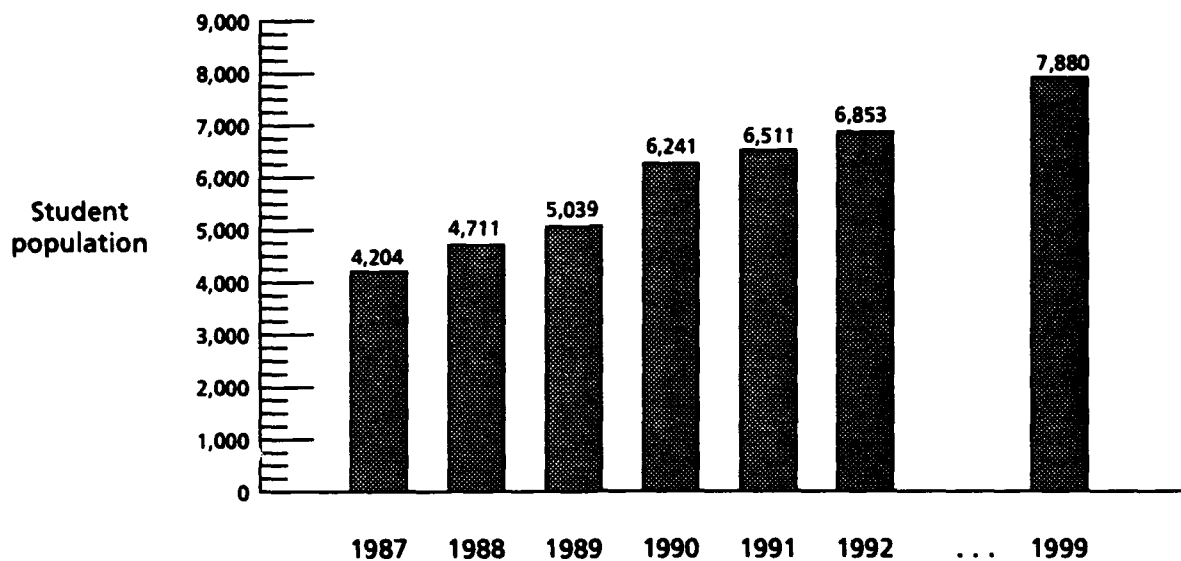


FIG. 4-1. CAMDEN COUNTY SCHOOL DISTRICT STUDENT ENROLLMENT GROWTH

contributes the remaining 9 percent.² Slightly more than half of the school district's operating expenditures are related to instruction; the remainder is divided among administration, maintenance, and other operations.

Two factors currently have a major impact on the operating budget of the Camden County School District. First, the expansion of the Kings Bay Naval Base and its related student enrollment increase are placing large demands on the operating budget – demands that would, by themselves, be a significant problem. However, coupled with the increase in student enrollment are a series of state-mandated program and facility requirements. Those requirements, established under the Quality Basic Education (QBE) Act, are also having a serious effect on the operating budget of the Camden County School District. The combination of those two extraordinary factors is creating significant operating budget problems.

The operating revenue and expenditure forecasts for the baseline condition and with the project-related impact are shown in Table 4-2 and Figure 4-2. A deficit in the operating budget was forecast for nearly every year from 1987 through 1999. Total revenues were projected to increase from \$14.7 million in 1989 to \$34.1 million

²Current economic conditions may result in changes to the APEG system which lower the amount of state grants.

by 1999, while the concurrent expenditures were expected to grow from \$15.1 million in 1989 to \$37 million in 1999. The deficit is caused by the assumptions that the requirements of the QBE Act will be met, local taxes will remain constant, state contributions will not increase, and instructional costs will increase. The effect of these assumptions is to create an operating budget deficit. *In reality, that deficit will not occur. In the absence of increased state funding, the school district will either have to scale back its plans or increase taxes to balance the budget.*

TABLE 4-2
GROWTH SUMMARY – CAMDEN SCHOOL DISTRICT

	1989	1999
Total enrollment	5,039	7,880
Baseline	2,117	3,138
Project-related	2,922	4,742
County population^a	26,933	38,437
Total revenues	\$14.7m	\$34.1m
Total revenues per capita	\$546	\$887
Total revenues per student	\$2,917	\$4,327
Total operating expenditures	\$15.1m	\$37.0m
Expenditures per student	\$2,997	\$4,695
Unrestricted cash flow	\$(0.4m)	\$(2.9m)
Capital revenues	\$1.9m	\$0
Capital expenditures	\$3.5m	\$0.2m

Note: Students enrolled in a school year are based on student arrivals during the previous year.

^a The 1990 final census figure for Camden County was 30,167. The 1989 and 1999 population estimates are for the school year and will differ from fiscal year estimates.

Additionally, the Camden County School District will experience significant project-related capital requirements as shown in Table 4-3. Meeting that capital requirement is the largest challenge facing the Camden County School District. The capital needs, to date, have been met through a combination of local, state, and Federal monies. Federal assistance in FY91, along with state provided capital funding, will complement local school funding efforts in the future.

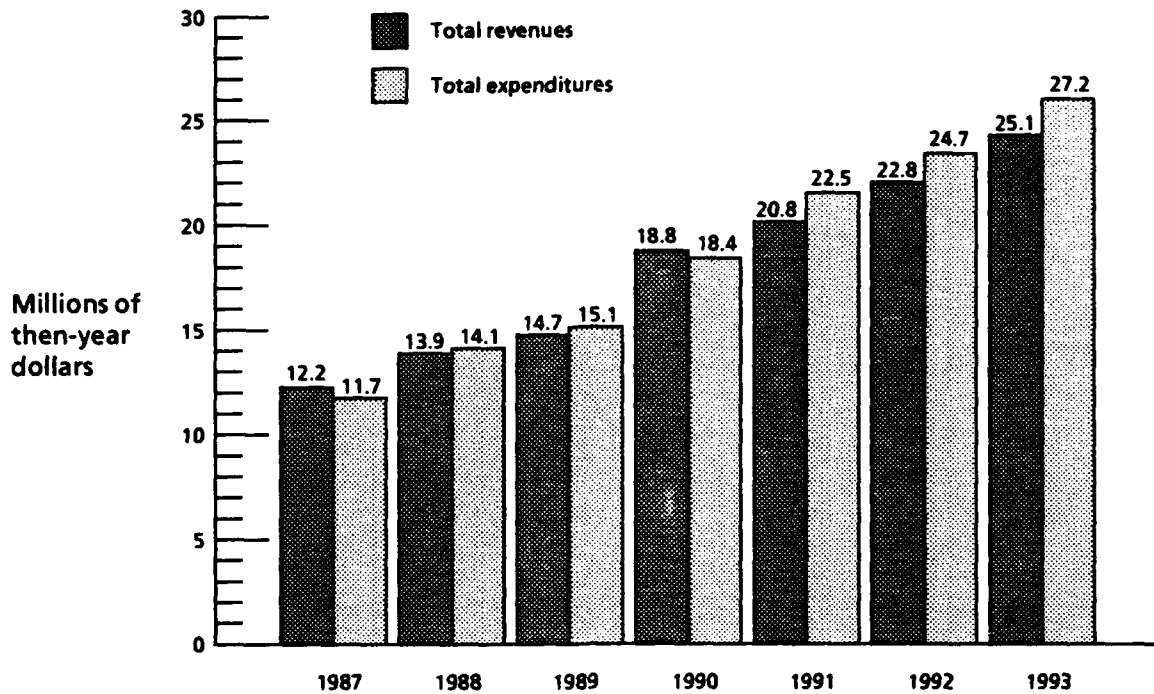


FIG. 4-2. CAMDEN COUNTY SCHOOL DISTRICT REVENUES AND OPERATING EXPENDITURES (1987 - 1993)

TABLE 4-3

SCHOOL CAPACITY AND ASSOCIATED NEW CONSTRUCTION REQUIREMENTS

Capacity	1987	1988	1989	1990	1991	1992	1999
Available seats	4,204	4,854 ^a	4,854	5,754 ^b	5,754	6,179 ^{c,d}	7,729 ^e
Required seats	4,221	4,711	5,039	6,241	6,511	6,853	7,880
Shortfall (excess)	17	(143)	185	487 ^f	757 ^f	674 ^f	151

^a Mary Lee Clark Middle School opens with an additional 650 seats.

^b Matilda Harris Elementary School opens with 750 seats and Saint Mary's Elementary School adds 150 seats.

^c New Woodbine Elementary School with a net increase of 200 seats.

^d New Kingsland Elementary School with a net increase of 225 seats.

^e Assumed increase of 800 high school seats from the new high school and a new elementary school with 750 seats between 1993 through 1997.

^f School capacity shortfalls in these years are primarily the result of a local decision to defer the addition of any high school seats pending the finalization of long range plans for meeting high school capacity needs.

The combined effect of the QBE requirements and the increased student enrollment on the operating budget of the Camden County School District have reduced the local capability to fund part of the capital requirement created by the expansion.

Both the state of Georgia and the Federal Government provided assistance to meet these early capital needs: The state supplied discretionary funds as well as forward funding for certain school construction; the Federal Government provided funding for school capital projects through the community Impact Assistance Program. This assistance was critical during the initial years of the expansion. Beginning in FY92, however, funding for all future capital requirements will be the responsibility of the Camden County School District and the state.

CHAPTER 5

GROWTH IN THE STATE OF GEORGIA

Population growth in the State of Georgia brought about by the expansion of the naval base at Kings Bay is forecast to exceed 24,000 people by 1998 (see Table 5-1). The increased population includes new Navy families, Federal Government workers, contractors to the Navy, and the indirect population. A large economic impact will also result from the expansion. More than 17,000 direct and indirect jobs will be created. Those jobs will bring nearly \$435.3 million in new payrolls into the state during the period 1978 through 1998.

TABLE 5-1
KINGS BAY IMPACTS ON THE STATE OF GEORGIA

	FY88	FY89	FY90	FY91	FY92	FY78 - FY98 cumulative
Project-related population increase	13,610	16,009	20,825	22,352	22,425	24,536
New jobs						
Direct ^a	7,073	7,893	9,579	10,421	10,555	11,435
Indirect	3,467	3,869	4,695	5,108	5,174	5,603
New payrolls						
Direct ^a	\$171.6m	\$191.8	\$229.0	\$247.9	\$255.2	\$290.2
Indirect	\$85.8	\$95.9	\$114.5	\$124.0	\$127.6	\$145.1
Operating revenues						
(Nonconstruction)	\$8.3	\$10.4	\$14.8	\$16.0	\$16.0	\$17.7
(From construction)	\$2.3	\$2.0	\$1.8	\$1.4	\$1.2	\$27.6
Operating expenditures	\$5.2	\$6.7	\$8.8	\$10.1	\$10.3	\$12.2
Capital expenditures	\$3.8 ^b	—	—	—	—	\$10.2 ^c

Note: Project-related growth is cumulative except for new jobs, new salaries, capital expenditures, and project-related construction revenues. Dollar figures are in millions of then-year dollars.

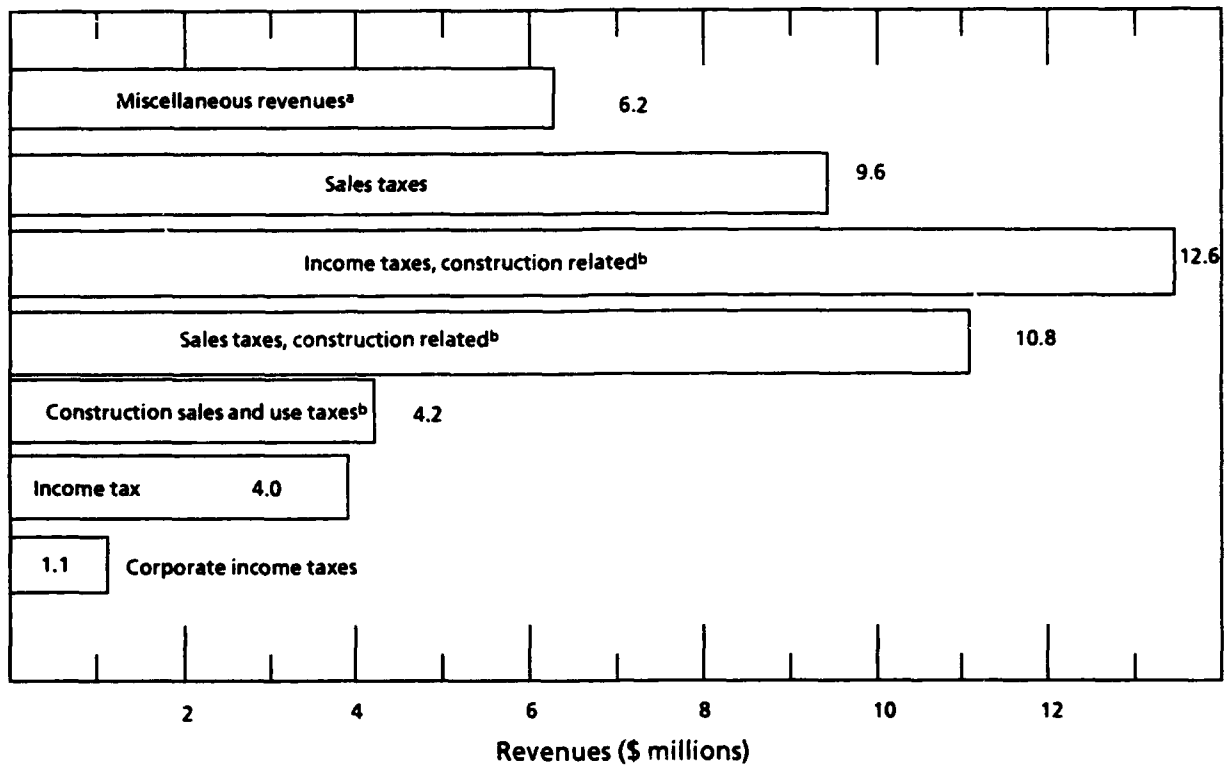
^a Includes new military, Federal civilian employees, and immigrating construction workers.

^b Discretionary expenditures through the Georgia Department of Community Affairs.

^c Includes \$6.4 million of state spending prior to FY87 (\$5.0 million schools + \$1.4 million other).

Significant revenues and expenditures will be generated at the state level by the increases in population and jobs. The construction program will, by itself, generate a total of \$27.6 million in revenues from sales and use taxes on the construction materials and taxes paid by the construction workers during the construction phase. Additionally, other nonconstruction revenues totaling \$17.7 million annually by 1998 will be generated by the new Navy project and the related indirect growth in civilian population. A breakdown of the state revenues by source is presented in Figure 5-1. The increased population will also generate a demand for additional expenditures by the state. Operating expenditures will grow to \$12.2 million by 1998 as shown in Table 5-1. Revenues and expenditures will create a positive operating cash flow during all years of the expansion. Excluding construction revenues, the cash flow will reach \$5.5 million annually in 1998. That positive cash flow is forecast to continue into the foreseeable future.

State-funded capital requirements will also result from the expansion. These capital contributions from 1978 through 1988 have totaled \$12.1 million and include state contributions to school construction and some minor capital projects. The state's future contribution to any unfunded school construction requirement will be the major capital expenditure required for the remainder of the expansion. Offsetting the cost of these capital requirements are the \$27.6 million in revenues from the construction program and the annual \$5.5 million cash flow surplus. The State of Georgia has provided significant funding for Camden County capital projects to date and will continue to be an important part of the solutions to its capital problems.



^a Miscellaneous revenues are total revenues derived from such sources as motor vehicle licenses, other licenses, intergovernmental revenues, and miscellaneous charges and fees.

^b Construction revenues are cumulative for 1985-1998. Other revenues are the steady-state annual flow.

FIG. 5-1. STATE OF GEORGIA PROJECT-RELATED REVENUES BY SOURCE, 1985 - 1998

CHAPTER 6

CONCLUSIONS

The past 10 years have brought dramatic changes to Camden County. The county has progressed from a rural economy dominated by two employers with few economic opportunities and limited services to a progressive county with a developing retail and service sector, varied economic opportunities, and greatly enhanced services. Likewise, the state has benefited from this expansion. None of these positive changes would have occurred without the expansion of the naval submarine base at Kings Bay.

These growth and economic opportunities have been accompanied by demands for additional infrastructure and increased Government services. Meeting these demands has been, and will continue to be, the largest challenge facing local governments. The Kings Bay Impact Coordinating Committee (KBICC) and its member governments have met this challenge well. With OEA and Navy assistance, they have assessed expected impacts, identified needs, developed growth management plans, and then implemented those plans. During the initial phases of the expansion the identified needs, particularly basic infrastructure such as water and sewer, well exceeded the capabilities of Camden County communities. Yet it was essential that these needs be met if housing and basic services were to be available for the Navy-related population growth. DoD, through OEA, implemented a special impact assistance program that provided funding for these needed capital improvements, (pursuant to public Law 96-418, Section 802, as amended).

That program has provided more than \$62 million in assistance and has given Kings Bay communities the time necessary to develop and strengthen their fiscal positions. Camden County and its cities are moving into a new phase of growth management. With much of the expensive infrastructure in place and buttressed by improved fiscal capabilities, Camden County and its communities are now in a position to establish their priorities and develop self-funded capital programs.

The Camden County School District faces a different problem. Unlike other county fiscal entities, the school district will continue to be pressed fiscally for a

number of years. This difference is due primarily to two factors. First, the QBE Act establishes education standards that, by themselves, will increase expenditures significantly. Tax rates will have to be raised above the state average to meet these expenditures alone. Second, education is a capital-intensive process. Each additional student requires a capital outlay of \$6,000 – \$7,000 for facility expenses. The capital cost to provide sewer treatment capacity for a family with two school-age children is usually only 10 to 20 percent of the cost of educational facilities. Therefore, it comes as no surprise that school districts take longer to develop a fiscal base which will support their capital needs than do counties or cities. The combination of these two factors – the QBE Act and the high cost of new school facilities – necessitated special state and Federal assistance in Camden County.

Camden County and its cities are reaching a critical point in the growth-management process. Although the increased economic activity has in many cases provided the fiscal capability necessary to support the higher level of public services expected, it is essential that more efficient methods for delivering public-sector services be developed. One such opportunity derives from the concentration of population into developing areas and the proximity of Camden County communities to each other. Many communities have used these conditions as the basis for developing regional service authorities. Camden County and its cities, understanding the benefits of joint services, have joined to create the Camden County Public Service Authority. The Authority will initially provide landfill and recreation services. If these efforts are successful, other services such as 911, will be considered for consolidation.

In some communities fungibility issues may confront public officials and may require special actions to ensure that funds are available where the need exists. Public officials will have to meet this challenge by taking appropriate legislative actions when necessary and/or revising rates as a means of making funds available where the need exists. Meeting this challenge is the key to a successful capital program. In FY91, some minimal capital assistance through the Community Impact Assistance Program was needed to complete existing programs for providing the infrastructure for basic services. Camden County is now financially able to be self-supporting.

Likewise, the Camden County School District should become self-supporting once capital requirements approach a more normal level. However, the time schedule

for self-sufficiency in its case is longer. The school district will require special assistance from both the state and Federal Governments through FY91. By then, the reduction in growth coupled with an increased fiscal capability provided by an expanded property tax base, should enable the school district to address school capacity needs through a combination of normal state programs and local efforts.

The State of Georgia will continue to benefit from the Kings Bay expansion. It will continue to receive large one-time cash flows from the construction of the base as well as a positive annual flow in perpetuity. Some of this positive cash flow has already been devoted to special assistance to the Camden County School District. The state will remain a significant force in Camden County and will play an essential role in solving some of Camden County's problems, particularly that of school capacity. Special discretionary and forward funding will be essential parts of any solution to the school capacity problem.

The economic impacts of the expansion have been positive for the Kings Bay area. There is still a significant amount of economic "leakage" from Camden County to other nearby jurisdictions. This leakage represents lost jobs and economic benefits for the citizens of Camden County. Economic development organizations within the county should encourage business growth in those sectors where leakage is most significant, such as wholesale trade and services (see Table 2-2). Decreasing leakages from the Camden County economy could sustain expansion-related economic growth for a number of years and should be a priority for economic development organizations within the county.

The expansion of the Naval Submarine Base at Kings Bay has caused, and will continue to result in, many changes in Camden County. These changes have increased economic opportunities for Camden County residents, increased the fiscal capabilities of local governments, and raised the level of public services. Concurrently, changes have also created significant demands for new facilities. Through effective growth management, many of these needs have been met.

Public officials will now be challenged to ensure that the future needs of Camden County residents can be met, while not overbuilding and creating excess public infrastructure and service capacity, which would be costly to maintain.

APPENDIX A

**FISCAL IMPACT ANALYSIS FOR GROWTH-
MANAGEMENT PLANNING**

FISCAL IMPACT ANALYSIS FOR GROWTH- MANAGEMENT PLANNING

The expansion of a military facility can provide significant long-term benefits to the surrounding areas. Increased growth in business activities, jobs for the local population, and increased tax revenues are among the more tangible effects. Those benefits are usually accompanied, however, by requirements for additional services and infrastructure: new roads, new schools, and additional water and sewer capacity are some of those needs. Additionally, Government agencies may require new facilities and/or staff to meet the new demands. Identifying those requirements and developing a plan to deal with them is an essential part of managing growth.

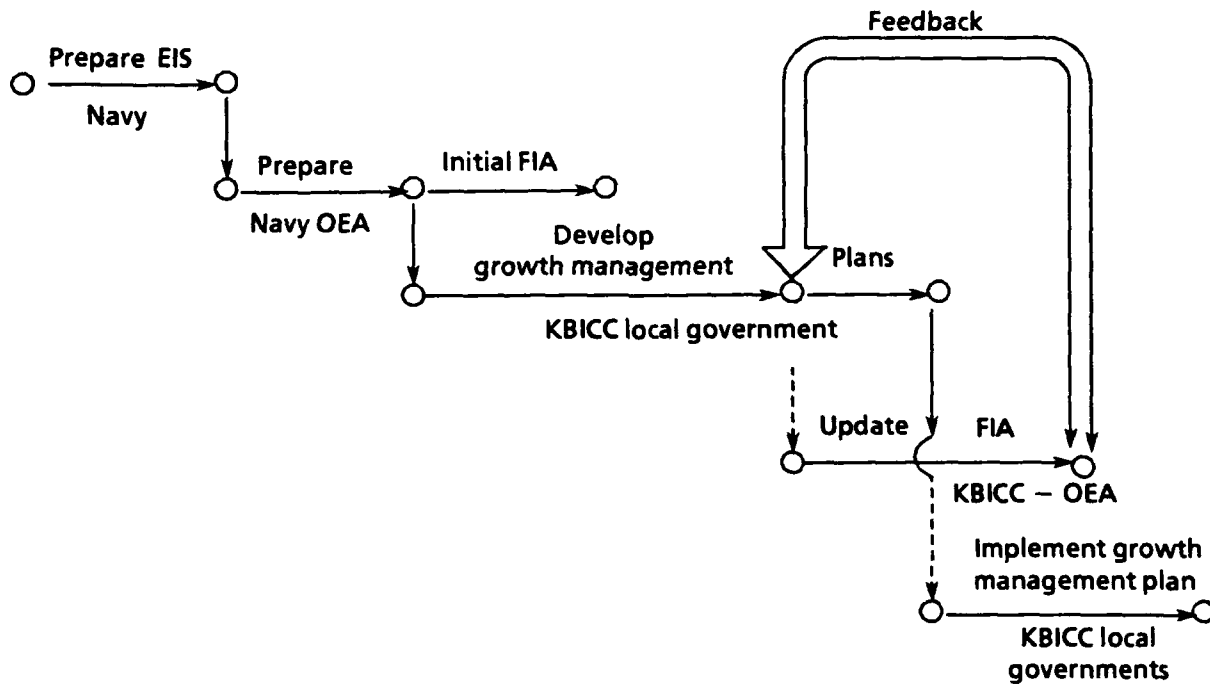
To deal with the short-term demands of rapid expansion, local communities must know the magnitude and timing of the expected impacts on infrastructure and services. The time-phased analysis of the impacts associated with a rapid base expansion and their corresponding financial requirements is referred to as a fiscal impact analysis (FIA).

FISCAL IMPACT ANALYSIS OBJECTIVES

Fiscal impact analyses of base expansions are not new; they can be traced back to the early 1940s, when the Lanham Acts (Public Laws 76-849 and 77-137) were legislated to provide assistance to communities that were impacted by rapid military base expansion during World War II. In the years that followed, Congress frequently passed legislation dealing with the effects of rapid military base expansions. A good history and explanation of these actions is provided in a pamphlet, *DoD-Local-State Management of Defense Related Growth: An Overview*, published by the President's Economic Adjustment Committee (EAC).

Under current Federal Executive guidance (as stated in the *Final Report on Community Impact Assistance* submitted in accordance with Section 803 of the FY81 Military Construction Authorization), Office of Economic Adjustment (OEA) performs an FIA for communities that will be impacted by rapid military base expansions. The objectives of these analyses are to identify the impacts of military base expansions and to assess the communities' capabilities for avoiding unfair and

excessive fiscal burdens. Another equally important objective of the FIA is to provide a vehicle that local communities can use to monitor and manage growth. Thus, an FIA is a critical part of the local communities' efforts in planning to manage growth. Figure A-1 shows the overall growth-management process and how the FIA supports other activities of that process.



Note: EIS = Environmental Impact Statement, KBICC = Kings Bay Impact Coordinating Committee.

FIG. A-1. GROWTH MANAGEMENT PROCESS

THE USE OF AN FISCAL IMPACT ANALYSIS

An FIA assists local and state governments since it provides much of the information that is needed for growth-management planning. It forecasts the size and expected distribution of the population increase and provides demographic information that can be used as the basis for estimating the effects of changes in population.

The economic impacts of a rapid expansion of a military base are extremely important to local and state officials. The generation of jobs and their accompanying salaries can have dramatic effects upon regional economies. The FIA provides information on those economic impacts and forecasts their future magnitudes. That

information can then be used by Government officials to plan actions to maximize the positive effects on the area surrounding the base.

Along with the economic forecasts, the FIA provides information on fiscal impacts on local and state governments. Because all levels of Government are affected by an expansion, jurisdictions must be aware of those anticipated impacts and their magnitudes. Revenue and expenditure flows will be changed at both state and local levels as a result of the new population and increased economic activity. An FIA provides information on these changes and serves as the basis for developing effective fiscal policies.

The main use of the FIA is to assist governments with growth-management planning. The FIA enables state and local governments to identify areas with potential negative impacts. Once these areas are identified, jurisdictions can develop plans to eliminate or mitigate potential problems. The FIA also provides the framework from which scenarios can be developed and analyzed and management strategies can be developed.

THE ROLE OF LOCAL COMMUNITIES AND THE STATE

Ultimately, local communities are responsible for managing growth within their jurisdictions. Federal and state agencies may offer assistance, but in the end, the communities themselves must take the actions and must live with their consequences. For that reason, local jurisdictions must be involved in every phase of growth management. They have a vested interest in ensuring that any analyses take into account local issues and that proposed solutions to growth problems are feasible.

The state government has a key role in the growth-management process. Georgia has many programs and offices that assist local communities in planning for growth. The state also has the resources to assist with capital requirements and to mitigate other fiscal problems when they occur. The State of Georgia has been an active participant in the naval base expansion at Kings Bay and has provided resources and technical assistance to impacted jurisdictions. As the expansion moves into its high-growth years and revenues to the state generated by Kings Bay increase, Georgia will assume an even more important role in the growth-management process.

The process leading to the development of a growth-management plan and its implementation is shown in Figure A-1. After the initial EIS is completed, an initial FIA is prepared as the first step in the process, and the first activity in the initial FIA process is the establishment of a local organization to lead and coordinate local planning. For the Kings Bay expansion, the Kings Bay Impact Coordinating Committee (KBICC) fulfills this requirement for the impacted jurisdictions.

The KBICC works with local officials to develop growth-management plans and policies for the jurisdictions impacted by the Kings Bay expansion. Since the beginning of the expansion in 1978, local communities have dramatically increased their planning and management capabilities. In the early years of the expansion, the KBICC served as a major source of technical assistance to local communities. Now, with increased staffs and in some cases professional managers, local communities are much better prepared to plan for and manage growth.

Many growth-management actions have already occurred in the jurisdictions impacted by the Kings Bay expansion. In addition to the growth in local management capabilities, the State of Georgia has formed a task force to coordinate state actions. The state has also provided significant technical assistance in the area of growth-management planning to impacted jurisdictions. Many capital projects in support of the expansion have been completed or are being planned. State and Federal funding have been provided to assist local communities with capital costs in an effort to prevent local budgets from becoming strapped by the expansion. All levels of Government have been active in preparing for the anticipated growth from the Kings Bay expansion.

THE OFFICE OF ECONOMIC ADJUSTMENT'S ROLE

Under Executive Order 12409, OEA is the lead office and coordinator of Federal assistance to local communities impacted by the expansion of military bases. Its first responsibility is to identify, in conjunction with the Military Services, those locations at which FIAs are needed. The EIS examines the macro-level economic impacts and provides the basis for determining whether a more detailed fiscal analysis is required. If a base expansion requires an FIA, OEA then analyzes the fiscal impacts that are expected from the base expansion.

The FIA identifies the impacts on, and the capabilities of, the local jurisdictions. If the short-term costs of growth exceed the fiscal capabilities of local jurisdictions,

OEA, in its role as the lead Federal agency for EAC, becomes the primary coordination point between the state and local communities and the Federal Government for intergovernmental assistance. Executive guidance states that local and state programs and then-existing Federal programs be utilized to provide assistance wherever possible. OEA takes the lead in coordinating any Federal financial support.

Another key OEA role is that of catalyst for organizing local communities to manage growth. Many communities have never had to manage rapid growth and, initially, are not prepared to address the key issues that must be resolved early during a rapid base expansion. Planning for those issues is essential if communities are to avoid or mitigate the negative consequences of rapid growth. OEA provides assistance in establishing local committees to address growth issues. It can also provide information on growth management to local organizations and help them learn from the experiences other communities that have undergone rapid growth as the result of military base expansions. The ability of the local communities to manage growth is the critical issue facing local jurisdictions in the Kings Bay area. How well they address that issue will determine whether the expansion benefits the communities or becomes a source of short-term problems.

FEEDBACK AND REEVALUATION

A fiscal analysis should be periodically reevaluated to ensure that new information can be introduced into the initial analysis. Feedback and reevaluation are needed to correct assumptions that have not materialized and to prevent flawed assumptions from distorting growth-management decisions. (See Figure A-1.)

Actual financial data are now available for the Kings Bay expansion phase. Those data permit a validation and updating of many of the original FIA assumptions. Population and employment trends are becoming more visible as the expansion moves from plans to realization, and several important changes to the base load-up schedule have been identified. New and better fiscal information is available for the jurisdictions that are expected to be impacted. Since the 1986 update was published, the State of Georgia Department of Community Affairs (DCA) has produced a large data base of fiscal information for all Georgia jurisdictions. This data base is in a consistent framework and facilitates fiscal trend analysis and forecasting. It provides several years of actual historical fiscal data that were not

previously available. The updated FIA benefits greatly from these two new sources of information – current observation and the Georgia DCA multiyear data base.

SUPPORTING GROWTH MANAGEMENT

Officials responsible for making growth-management decisions require accurate estimates of the anticipated growth impacts if they are to effectively manage growth. Most growth-management decisions are critically dependent on the accuracy of forecasts of expected changes. Those expected changes may be population changes, shifts in demographics, or changes in revenue and expenditure flows. It is imperative that officials have the best information available on growth impacts when setting policy and making management decisions.

Two types of information are needed by managers of growth. The first is the total change, or impact, that is expected to result from the expansion. That type of information is needed to accurately gauge the need for long-term programs such as a capital expansion program. For those types of activities, identifying the magnitude of the change is the major concern; the timing of the change is important but not critical. The second type of information, the yearly incremental changes, is used to make shorter term planning decisions. Typically, that shorter term consists of the current year and 1 year into the future. For that shorter term planning, the timing and magnitude of the incremental changes are more important than the anticipated total changes. For short-term planning decisions in which cash flows are a major consideration, accurate incremental information is essential. A useful FIA must be capable of providing both types of information to growth planners in a timely fashion.

The ability to support scenario analysis is also an important characteristic of a useful FIA. Growth managers must often choose between various policy options that frequently create different impacts and affect different parts of the community. Few growth-management decisions are black and white; for most, the decision-maker must weigh the relative costs and benefits before choosing an alternative. Scenario analyses can greatly assist that process. Rapidly measuring the effect of various options provides officials with reference points and measures of the sensitivity of key variables. This type of information speeds the decision-making process and results in more effective decisions. A useful FIA not only provides the correct types of information, it also provides the ability to evaluate changes in scenarios.

APPENDIX B

TECHNICAL APPROACH

TECHNICAL APPROACH

Figure B-1 shows the 10 major tasks undertaken in preparing the updated Fiscal Impact Analysis (FIA). The process begins with updating the jurisdiction historical data bases and progresses through model development. Once the initial model is developed, a number of review cycles are conducted with local and state officials and they culminate in the development of preliminary model results. These results are refined and analyzed and then presented to the KBICC and the State of Georgia.

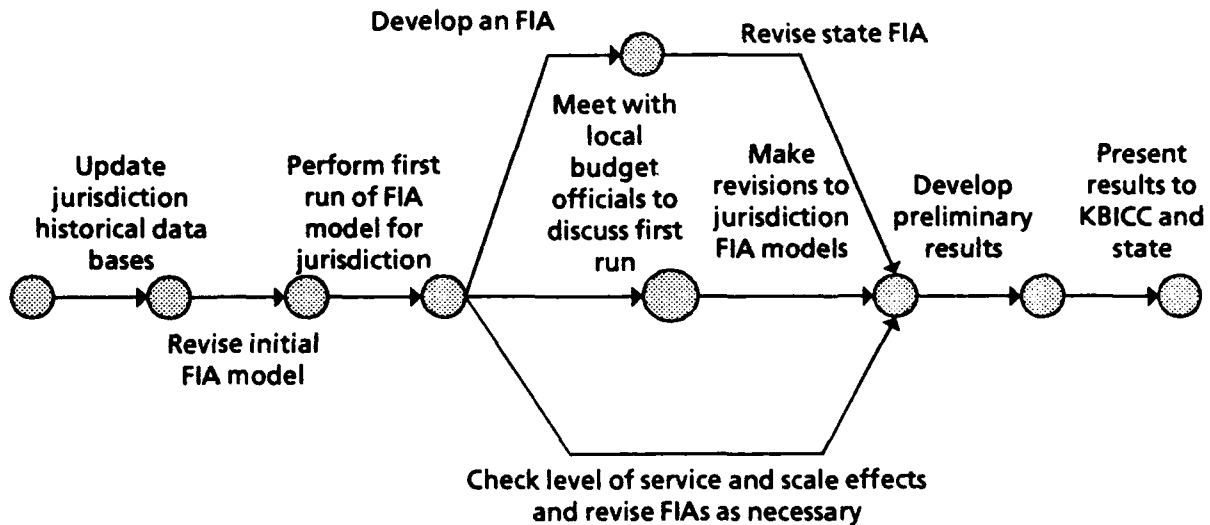


FIG. B-1. FIA UPDATE PROCESS

THE PROJECT BASELINE

It is important to establish a reference baseline from which relative changes can be measured when performing analyses of growth impacts. In the case of the region surrounding Kings Bay, establishing a baseline is somewhat complicated. Baselines are normally defined as the conditions that existed before project-related changes began. If that definition is used for the Kings Bay expansion, the baseline would be 1978. However, the use of 1978 as the Kings Bay expansion baseline presents certain problems when comparisons are being made. The communities that exist today bear

little resemblance, in a fiscal and population sense, to the communities of 1978. Although some of the high-growth years of the expansion are still to come, these communities have already changed dramatically as a result of the expansion. They have added significantly to the government services provided, the population has increased greatly, and large-scale economic development has occurred. Additionally, the communities' officials now have experience in the management of growth in their jurisdictions. All of these factors make references to 1978 somewhat irrelevant. A new baseline is needed if comparisons are to be meaningful.

We selected FY87 as the new baseline for the updated FIA because it provides a clear outlook on the future from the known situation today. Using FY87 as the baseline does not mean that the fiscal impacts between 1978 and 1987 are ignored. In fact, the cumulative fiscal effects are reflected in each year's budget. For example: the FY88 budget reflects the costs for providing a service to a person in 1979 because that person is presumably still receiving that service in FY88. By using FY87 as the new baseline and 1978 as a reference point, we feel that meaningful comparisons can be made without losing the sense of the magnitude of the total impact.

THE FIA MODEL

The FIA model is the underlying framework for preparing the updated FIA. It has been developed for use on a microcomputer and is designed to be easily updated and capable of supporting scenario analyses. The FIA model is supported by seven modules (Figure B-2). The seven modules, or subanalyses of specific factors in the FIA model, all provide input data to the FIA model. Three modules are based on Navy inputs and four on local inputs. The Navy provides information for the Federal civilians, military population, and construction modules; the local jurisdictions provide information for the labor market, population distribution, indirect effects, and fiscal data modules. These modules identify key determinants of growth impacts, and changes to any of them can be run through the model and analytic responses given to program alterations or scenario-planning changes. Each module is briefly discussed in the following subsections.

Federal Civilian Module

The Federal civilian module tabulates information on civilian employees that move to the area. New Federal civilians (contract personnel such as Lockheed employees are considered Federal civilians) are assumed to be representative of the

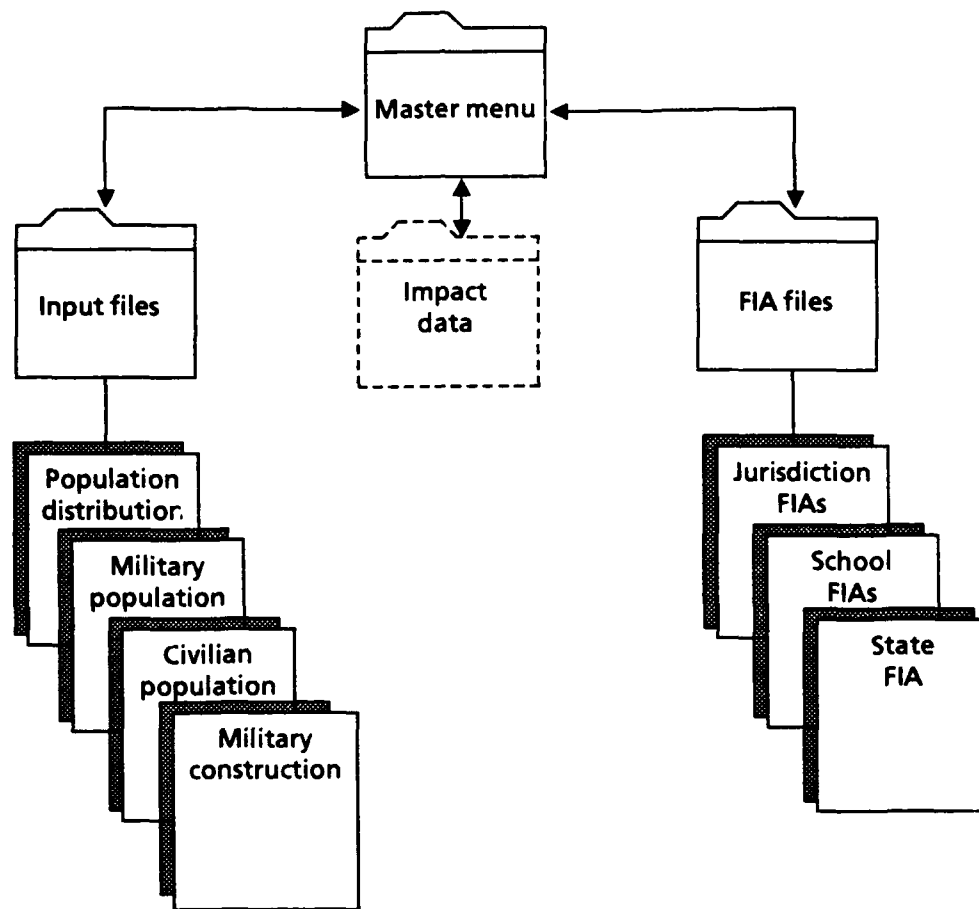


FIG. B-2. FIA MODEL STRUCTURE

national demographics in terms of family size, number married, etc. The population increase generated by the new Federal civilians and their salaries is used in the population distribution module and the indirect effects module.

Military Population Module

The military population module is primarily a mechanism for tabulating information on military personnel. It uses the Navy's projected end strength in conjunction with the anticipated demographics (number married, family size, etc.) of the new military population to generate the number of military and dependents expected. It also uses the grade structure of the immigrating Navy personnel to calculate the salaries that will be brought to the area. The population and salary

summaries from this module are then used as the inputs to the population distribution module.

Construction Module

The construction module takes the Navy's construction program and subdivides it into its component parts: labor costs, material costs, overhead and profit, and government administration costs. It also distributes construction activity over 2 years and estimates the annual number of construction jobs that will be required. The outputs from this module are also used in the population distribution module.

Labor Market Module

The labor market module analyzes the supply and demand for labor in the impact area and provides an assessment of any supply/demand imbalances. The labor market module for the Kings Bay analysis is greatly simplified because of the existing labor conditions in the region surrounding Kings Bay. The existing labor supply that would be available to claim Kings Bay-related jobs is assumed to be zero in 1985. Thus, the only existing labor supply is the inflow of spouses of immigrants who wish to work. The FIA model treats the labor market as a dynamic condition that varies with base load-up and multiplier changes.

Indirect Effects Module

The indirect effects impacts are estimated by using the Regional Input-Output Modeling System II (RIMS II) developed at the Bureau of Economic Analysis, U.S. Department of Commerce. The basic RIMS II input-output model is combined with additional methodology to account for the unique characteristics of military bases. RIMS II quantifies the relationship between direct salaries and employment and indirect salaries and employment. These relationships are used in the FIA model to forecast the indirect employment and salaries created by the expansion.

Population Distribution Module

The population distribution module utilizes the characteristics of towns, villages, and cities to forecast where the new population will live. Eighteen characteristics were used initially to develop distribution factors. The relative importance of each characteristic was determined by a committee of local residents and Navy personnel familiar with development in the area. Six of the initial

18 characteristics were judged to be the most significant. They are, in order of importance: travel time to central base, the quality of life, the availability of public and commercial services, access to the area, the availability of a public sewer system, and the availability of a public water system. These factors, in conjunction with the characteristic ratings for each jurisdiction, drive the population distribution forecast (a detailed description of the methodology is contained in the technical appendices to this updated FIA), and the forecast of the expected distribution is used to quantify growth impacts in jurisdictions in the FIA model.

Fiscal Data Module

The fiscal data for the FIA model come from historic information obtained from the State of Georgia Department of Community Affairs (DCA) and local officials. The Georgia DCA maintains a large data base of fiscal information for every jurisdiction in the state. It also analyzes the information and provides comparative statistics for various-sized jurisdictions. Interviews with local officials were used to verify and supplement this information. Adjustments to DCA data were frequently made after consultations with local officials identified shifts in trends or errors in reported data. The combination of the two sources – DCA data base and local interviews – provided the fiscal inputs to the jurisdiction FIA models.

JURISDICTION FISCAL IMPACT ANALYSES

An FIA model was created for each jurisdiction being analyzed. These models are structured to reflect the factors that are unique to specific jurisdictions. The general analytic approach is to establish baseline operating expenditure and revenue trends based upon fiscal information for 1983, 1984, and 1985. These operating trends are adjusted to reflect inflation, anticipated changes in the levels of service provided, and known changes in tax laws and other legislation. Project-related revenue and expenditure forecasts are made by applying the trends to the projected population changes for a jurisdiction. Baseline capital requirements are estimated by looking at historic requirements and extrapolating them into the future. Capital forecasts for project-related requirements are made by analyzing each jurisdiction on a case-by-case basis with local officials. The total fiscal position is created by combining the baseline and project-related forecasts for the operating and capital accounts into a single budget.

The model outputs for each jurisdiction are divided into three parts: baseline conditions, project-related impacts, and the new jurisdiction budget. The baseline condition outputs display the revenue, expenditure, and capital requirements for the 1985 baseline condition projected into the future under a minimal growth scenario. The project-related outputs depict the fiscal impacts that the expansion will create in the operating and capital accounts. In the new jurisdiction budget, the baseline and the project impacts are combined to show what the jurisdiction operating and capital accounts are expected to look like. Information is presented in terms of both incremental (year-to-year) and cumulative changes and is structured to maximize its usefulness to local officials in the growth-management process.

APPENDIX C

**FUNGIBILITY OF FUNDS WITHIN CAMDEN
COUNTY JURISDICTIONS**

FUNGIBILITY OF FUNDS WITHIN CAMDEN COUNTY JURISDICTIONS

Although the total fiscal capability exists in every city, funds may not be available when and where the need exists. In accounting terms, the ability to move monies between funds is referred to as fungibility. In some cases, there are restrictions on the fungibility of certain funds. In general, these restrictions take four forms. They can stem from state law which requires restrictions on the use of enterprise and general funds. Restrictions can also be created when money is received from state or Federal agencies for express purposes, such as grants or specific programs. Another source of restrictions on local government action are ordinances or budget resolutions that specify where and how certain source funds can be expended. Final source of restrictions are the covenants and conditions mandated by bond issues which may establish how bond proceeds and fund revenues can be expended. Three of these restrictions are beyond the control of local government while the fourth, local budget ordinances, can typically be changed at the discretion of local officials.

Because the State of Georgia has few state mandated restrictions on how locally generated funds are expended, local officials may move most revenues between enterprise and general funds at their discretion. This lack of restrictions stems, in part, from the fact that Georgia is a home rule state. Unlike some states, many powers are left with local governments. The fungibility of local source revenues can, however, be restricted by local ordinances and budget resolutions. Such locally imposed limitations can constrain the ability of local officials to move monies from one fund to another. Although such constraints are barriers to fungibility, they can be eliminated since they are imposed by local governments upon themselves. Some restrictions on certain Federal and state grants or programs exist, but in Camden County these restrictions are typically associated with matching funds for capital projects and therefore are not a detriment to local capital programs.

Most bond covenants for Camden County jurisdictions have two restrictions which may affect fungibility. The first is the restriction that bond proceeds may only be expended for capital purposes as described in the bond documents. This restriction

has few if any exceptions. The second is the requirement that a sinking fund be established to ensure that principal and interest obligations will be met. The amount that must be maintained in the sinking fund is specified in the bond documents. Either of these covenants could affect fungibility for communities with active bond agreements.

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